



**JEFF ATWATER
CHIEF FINANCIAL OFFICER
STATE OF FLORIDA**

Florida Department of Financial Services

**PALM BEACH COUNTY
CLERK OF THE CIRCUIT COURT
PERFORMANCE AND COMPLIANCE REVIEW**

**Report No. 2010-23
March 10, 2011**

SUMMARY

The Chief Financial Officer for the State of Florida is authorized by law to conduct performance and compliance reviews for each of the Clerk of the Circuit Court's accounting of Article V State funding. The Department of Financial Services has completed a review of the Palm Beach County Clerk of Circuit Court's Office as required by Section 28.36(8), Florida Statutes. It is the practice of the Department of Financial Services to conduct these reviews for each Clerk of the Circuit Court every three years.

- The Palm Beach County Clerk of Circuit Court serves a population of 1,287,344.
- The review verified the Clerk's budgeting practices for each county fiscal year (CFY), October through September, and each state fiscal year (SFY), July through June, are in compliance with the Florida Clerks of Court Operations Corporation (CCOC) guidelines.
- The review verified the Clerk's remittances and recording of revenues/liabilities due to the State to be accurate and timely, as required by Section 28.245, Florida Statutes.
- The review verified the Clerk's court-related expenditures were allowable and compliant with Sections 28.35(3) and 29.008, Florida Statutes.
- The Clerk's office was able to meet or exceed all performance standards established by the CCOC except the performance standards for timeliness for CFY 07-08, SFY 09-10, and SFY 10-11 (through September). Pursuant to Section 28.35(2), Florida Statutes, Clerks should closely adhere to all performance measure reporting requirements established by the CCOC.

BACKGROUND

In 1998, revisions to Article V, Section 14, of the Florida Constitution, specified portions of the state courts system and court-related functions that were to be funded from State revenues derived from statutory fines, fees, service charges, and court costs collected by the Clerks of Court.

Prior to July 1, 2009, Clerks prepared budgets using a revenue-based model independent of the State appropriations process. Clerks collected fines, fees, service charges, and court costs to fund their approved budgets and remitted any excess revenues to the Department of Revenue for deposit into the Clerks of Court Trust Fund. The Florida Legislature passed Florida Laws Chapter 2009-61 and Chapter 2009-204, placing the Clerks court-related budgets under the State appropriations process beginning July 1, 2009. The Florida Legislature appropriates the total amount for the Clerks budgets in the General Appropriations Act (GAA).

The organization that governs the Clerks, the CCOC, is now administratively housed in the Justice Administrative Commission. The CCOC is responsible for developing the budgets and certifying a uniform system of performance measures for Clerks. Under the current model, all fines, fees, service charges, and court costs, except as otherwise provided in Sections 28.241 and 34.041, Florida Statutes, are collected by the Clerks' offices and remitted to the Department of Revenue for deposit into the Clerks of the Court Trust Fund, in accordance with Section 28.37, Florida Statutes. Beginning July 2009, Section 28.245, Florida Statutes, requires Clerks collections of court-related fines, fees, service charges, and costs to be considered liabilities due to the State and is required to be remitted to the Clerks of Court Trust Fund by the 20th of the month immediately following the month in which the monies are collected. Beginning July 2010, Section 28.245, Florida Statutes, requires Clerks to remit liabilities to the Clerks of Court Trust Fund by the 10th of the month immediately following the month in which the monies are collected. The Clerks are now funded by the State appropriations process.

SCOPE

The Article V performance and compliance review of the Palm Beach County Clerk of the Circuit Court's Office covered CFY 06-07, CFY 07-08, CFY 08-09, SFY 09-10, and SFY 10-11 (through September) court-related budgets certified by the CCOC, pursuant to Section 28.35, Florida Statutes. The review was conducted on November 15-19, 2010, at the Palm Beach County Clerk of Circuit Court's Office.

OBJECTIVES & METHODOLOGY

The performance and compliance review was conducted to ensure Clerk budget methodologies, expenditures, revenues/liabilities due to the State, and performance measures were accurately implemented and recorded according to law.

BUDGETS

The review of the Clerk's budgets verified that the budgets were funded from fines, fees, service charges, and court costs, pursuant to Section 28.37(1), Florida Statutes, and were prepared according to the CCOC instructions.

The table below reflects the budgeted expenditures and revenues/liabilities for each fiscal year reviewed, and reflects the budgeted surplus/deficit amounts certified by the CCOC.

Fiscal Year	Expenditures	Revenues/ Liabilities	Surplus/ (Deficit)
CFY 06-07	\$ 33,891,782	\$ 31,924,001	\$ (1,967,781)
CFY 07-08	\$ 38,326,350	\$ 35,534,919	\$ (2,791,431)
CFY 08-09	\$ 40,694,967	\$ 37,771,209	\$ (2,923,758)

The Clerk's office was budgeted as a "recipient" county by the CCOC for CFY 06-07, CFY 07-08 and CFY 08-09. The Clerk's office was scheduled to receive monthly payments from the Clerks of Court Trust Fund based on the "recipient" county designation. The Clerk's budgeted deficit increased from CFY 06-07 to CFY 08-09 by approximately 48.58%.

The table below reflects the revised budgeted expenditures and revenues/liabilities following the budget reductions implemented in May 2009.

Fiscal Year	Expenditures	Revenues/ Liabilities	Surplus/ (Deficit)
CFY 08-09¹	\$ 30,521,226	\$ 28,592,877	\$ (1,928,349)
SFY 09-10²	\$ 33,569,179	\$ 33,212,451	\$ (356,728)
SFY 10-11³	\$ 33,544,178	\$ 31,877,024	\$ (1,667,154)

Note 1: CFY 08-09 budgeted expenditures and revenues/liabilities are for the nine month period of October 2008 through June 2009.

Note 2: SFY 09-10 budgeted expenditures and revenues/liabilities are for the twelve month period of July 2009 through June 2010.

Note 3: SFY 10-11 budgeted expenditures and revenues/liabilities are for the twelve month period of July 2010 through June 2011.

Clerks are now required to budget according to State Fiscal Year (July 1 through June 30) and are provided funding through the State GAA. The CCOC released appropriations in the amount of one-twelfth of each Clerk's approved budget each month for SFY 09-10 and SFY 10-11 (through September).

The table below reflects the budgeted FTEs for each fiscal year reviewed and the court-related allocation percentages applied for shared overhead.

Fiscal Year	Direct Court-Related FTEs	Indirect Overhead FTEs	Total Court-Related FTEs	Total Court & Non-Court FTEs	Cost Allocation Percentage
CFY 06-07	525.38	43.83	569.21	798.28	71.30%
CFY 07-08	557.95	58.23	616.18	856.28	71.96%
CFY 08-09	567.17	64.96	632.13	856.77	73.78%
SFY 09-10	505.86	45.29	551.15	758.14	72.70%
SFY 10-11	523.16	27.86	551.02	759.63	72.54%

The cost allocation percentages are applied to overhead costs budgeted to support court-related activities for all fiscal years. The allocation is based on the percentage of time each overhead position's duties are performed for court-related activities. The allocation methodologies applied by the Clerk's office are within the approved budget guidelines set by the CCOC. The budgeted total court-related FTEs decreased from CFY 06-07 to SFY 10-11 by approximately 3.20%. The budgeted cost allocation increased from CFY 06-07 to SFY 10-11 by approximately 1.73%.

EXPENDITURES

The review sampled various court-related expenditure accounts and transactions to determine if the Clerk's office was in compliance with Section 28.35, Florida Statutes. The expenditure sample confirmed court-related expenditures were in compliance with Section 28.35, Florida Statutes, and funds were expended for allowable court-related costs. The Clerk's CCOC Technology Expense Monthly Tracking Report was in compliance with guidelines set by the CCOC. The Clerk's salary was within the salary requirements developed by the Office of Economic and Demographic Research. The Clerk provided detailed information on expenditures necessary for the performance of court-related functions using the court-related codes in the Uniform Accounting System Manual (UASM). The review confirmed the accuracy of the expenditures listed on the Clerk's General Ledger by reconciling with the expenditures reported on the CCOC Clerks' Trust Fund Collections Tracking Report for each fiscal year.

The table below reflects the budgeted and actual expenditures for each fiscal year reviewed.

Fiscal Year	Budgeted	Actual
CFY 06-07	\$ 33,891,782	\$ 33,199,400
CFY 07-08	\$ 38,326,350	\$ 36,787,672
CFY 08-09¹	\$ 30,521,226	\$ 28,743,228
SFY 09-10²	\$ 33,569,179	\$ 32,457,128
SFY 10-11³	\$ 33,544,178	\$ 7,376,323 ⁴

Note 1: CFY 08-09 budgeted and actual expenditures are for the nine month period of October 2008 through June 2009.

Note 2: SFY 09-10 budgeted expenditures are for the twelve month period of July 2009 through June 2010.

Note 3: SFY 10-11 budgeted expenditures are for the twelve month period of July 2010 through June 2011.

Note 4: SFY 10-11 actual expenditures are for the three month period of July 2010 through September 2010.

The budgeted expenditures decreased from CFY 06-07 to SFY 10-11 by 1.03%. The Clerk's actual expenditures were below budgeted expenditures in CFY 06-07, CFY 07-08, for the nine month period of October 2008 through June 2009 of CFY 08-09, and SFY 09-10.

The table below reflects the budget categories that make up total budgeted expenditures for each fiscal year reviewed.

Fiscal Year	Personal Services	Operating Expenses	Capital Outlay	Budget Reserve	Total Expenditures
CFY 06-07	\$ 30,573,606	\$ 3,318,177	\$ -	\$ -	\$ 33,891,782
CFY 07-08	\$ 34,390,316	\$ 3,837,929	\$ 98,105	\$ -	\$ 38,326,350
CFY 08-09	\$ 36,455,366	\$ 4,189,999	\$ 49,602	\$ -	\$ 40,694,967
CFY 08-09^{1,4}	N/A	N/A	N/A	N/A	\$ 30,521,226
SFY 09-10^{2,4}	N/A	N/A	N/A	N/A	\$ 33,569,179
SFY 10-11³	\$ 30,861,554	\$ 2,682,624	\$ -	\$ -	\$ 33,544,178 ⁵

Note 1: CFY 08-09 represents revised CFY 08-09 budgeted figures for the nine month period of October 2008 through June 2009, based on the May 2009 budget reductions implemented by the CCOC.

Note 2: SFY 09-10 represents the budgeted expenditures for the twelve month period of July 2009 through June 2010.

Note 3: SFY 10-11 represents the budgeted expenditures for the twelve month period of July 2010 through June 2011.

Note 4: The categories of Personal Services, Operating Expenses, Capital Outlay, and Budget Reserve are listed as N/A in CFY 08-09 and SFY 09-10 due to the implementation of budget reductions in May 2009.

Note 5: SFY 10-11 total appropriation is subject to change due to the Unit Cost adjustment pursuant to Section 28.36 (10) b, Florida Statutes.

The Clerk's office budgets personnel related costs (employee salaries and benefits) in the budget category of personal services. The total budgeted expenditures in each fiscal year reviewed were approximately 90% personnel related.

REVENUES/LIABILITIES DUE TO THE STATE

The review confirmed that fines, fees, service charges, and court costs collected by the Clerk's office were remitted to the Department of Revenue for deposit into the Clerks of Court Trust Fund in a timely manner. Pursuant to Section 28.245, Florida Statutes, funds are required to be remitted to the Clerks of Court Trust Fund by the 20th of the month immediately following the month in which the monies were collected. Beginning July 2010, Section 28.245, Florida Statutes, requires Clerks to remit liabilities to the Clerks of Court Trust Fund by the 10th of the month immediately following the month in which the monies are collected. The review confirmed the accuracy of the revenues/liabilities listed on the Clerk's General Ledger by reconciling with the revenues/liabilities reported on the CCOC Clerks' Trust Fund Collections Tracking Report for each fiscal year. The Clerk's office is in compliance with Florida Laws Chapter 2008-111, and is timely and accurate in remitting and recording the collections provided to the State General Revenue Fund.

The table below reflects the budgeted and actual revenues/liabilities for each fiscal year reviewed.

Fiscal Year	Budgeted	Actual
CFY 06-07	\$ 31,924,001	\$ 31,275,446
CFY 07-08	\$ 35,534,919	\$ 35,774,214
CFY 08-09¹	\$ 28,592,877	\$ 27,782,525
SFY 09-10²	\$ 33,212,451	\$ 33,914,188
SFY 10-11³	\$ 31,877,024	\$ 8,536,697 ⁴

Note 1: CFY 08-09 budgeted and actual revenues/liabilities are for the nine month period of October 2008 through June 2009.

Note 2: SFY 09-10 budgeted revenues/liabilities are for the twelve month period of July 2009 through June 2010.

Note 3: SFY 10-11 budgeted revenues/liabilities are for the twelve month period of July 2010 through June 2011.

Note 4: SFY 10-11 actual revenues/liabilities are for the three month period of July 2010 through September 2010.

The budgeted revenues/liabilities decreased from CFY 06-07 to SFY 10-11 by .15%. The Clerk's actual revenues/liabilities were below budgeted revenues/liabilities for CFY 06-07 and for the nine month period of October 2008 through June 2009 of CFY 08-09. The Clerk's actual revenues/liabilities were above budgeted revenues/liabilities for CFY 07-08 and SFY 09-10.

The table below reflects the budgeted and actual remittances made to the Clerks of Court Trust Fund for each fiscal year reviewed.

Fiscal Year	Budgeted (Deficit) Remittances	Actual Remittances from the Trust Fund	Actual Remittances to the Trust Fund	Settle Up Remittance to Trust Fund at Year End	Total Remittances to Trust Fund
CFY 06-07	\$ (1,967,781)	\$ 1,967,784	\$ -	\$ 43,830	\$ (1,923,954)
CFY 07-08	\$ (2,791,431)	\$ 2,791,428	\$ -	\$ 1,777,970	\$ (1,013,458)
CFY 08-09¹	\$ (1,928,349)	\$ 2,192,819	\$ 514,217	\$ 717,898	\$ (960,704)
SFY 09-10	\$ (356,728)	\$ 345,009 ²	\$ -	\$ 1,112,051	\$ 1,457,060
SFY 10-11³	\$ (1,667,154)	N/A	N/A	N/A	N/A

Note 1: CFY 08-09 budgeted deficit remittances were based on the nine month period of October 2008 through June 2009.

Note 2: Section 28.37(2), Florida Statutes, considers all court related fines, fees, service charges, and costs collected by the Clerks to be state funds and requires the funds to be remitted to the Clerks of Court Trust Fund. For SFY 09-10, the surplus of \$345,009 is the difference of the liabilities remitted of \$33,914,188 less the appropriations received of \$33,569,179.

Note 3: SFY 10-11 budgeted deficit remittances were based on the twelve month period of July 2010 through June 2011. The actual remittances, settle up remittances, and total remittances information was not available during the time of our review.

PERFORMANCE MEASURES

The CCOC has the responsibility of developing and certifying a uniform system of performance measures and applicable performance standards for the court-related functions, pursuant to Section 28.35(3)(a), Florida Statutes. The review confirmed the Clerk's office to be in compliance with the performance measure guidelines and standards defined by the CCOC. The Palm Beach County Clerk's office did not meet or exceed the performance measure standards for timeliness in CFY 07-08, SFY 09-10 and SFY 10-11 (through September). The Clerk's independent audit report confirmed the Clerk's office to be in compliance with Section 28.35, Florida Statutes, for CFY 06-07, CFY 07-08 and CFY 08-09. The review verified the Clerk maintains a partial fee payment system, pursuant to Section 28.246, Florida Statutes.

The table below reflects the standards of timeliness, collections, fiscal management, and juror payments achieved by the Clerk's office for each fiscal year reviewed.

TIMELINESS	CFY 06-07	CFY 07-08	CFY 08-09	SFY 09-10	SFY 10-11
Standard	12 of 20	12 of 20	12 of 20	12 of 20	12 of 20
Clerk Reported	13 of 20	11 of 20	13 of 20	11 of 20	8 of 20 ³
COLLECTIONS	CFY 06-07	CFY 07-08	CFY 08-09	CFY 09-10	CFY 10-11
Standard	5 of 9	5 of 9	5 of 9	5 of 9	5 of 9
Clerk Reported	6 of 9	7 of 9	6 of 9	6 of 9	N/A ⁴
FISCAL MANAGEMENT	CFY 06-07	CFY 07-08	CFY 08-09	SFY 09-10	SFY 09-10
Standard	6 of 9	6 of 9	6 of 9	6 of 8	N/A
Clerk Reported	N/A ¹	9 of 9	9 of 9	8 of 8	N/A
JUROR PAYMENTS	CFY 06-07	CFY 07-08	CFY 08-09	SFY 09-10	SFY 09-10
Standard	N/A ²	100%	100%	100%	100%
Clerk Reported	N/A ²	100%	100%	100%	100% ³

Note 1: CFY 06-07 fiscal management data was not available at the time of the review.

Note 2: CFY 06-07 juror payments data was not applicable for this time period.

Note 3: SFY 10-11 timeliness and juror payments data was reported through September 2010.

Note 4: CFY 10-11 collections data was not available at the time of the review.

The table below reflects the Clerk's cases, defendants and financial receipts for each fiscal year reviewed.

TOTAL REPORTED	CFY 06-07	CFY 07-08	CFY 08-09	SFY 09-10	SFY 10-11
Cases	435,701	474,791	451,824	455,092	121,760 ¹
Defendants	112,966	111,990	111,114	103,353	28,167 ¹
Financial Receipts	N/A	703,671	678,394	641,849	N/A ²

Note 1: SFY 10-11 cases and defendants are for the three month period of July 2010 through September 2010.

Note 2: SFY 10-11 financial receipts data not available at the time of the review.

OBSERVATIONS & RECOMMENDATIONS**Observation Number One:**

Based upon our review, we found the Clerk's budgeting practices and expenditure and revenue methodologies for State funds to be efficient and accurate. We concluded the Palm Beach County Clerk's office is currently able to report on all required performance standards. However, the Palm Beach County Clerk's office did not meet or exceed the performance standards for timeliness in CFY 07-08, SFY 09-10 and SFY 10-11 (September 2010).

Recommendation Number One:

The Palm Beach County Clerk's office should closely adhere to all performance measure reporting requirements prescribed by the CCOC per Section 28.35(2), Florida Statutes.



SHARON R. BOCK

Clerk & Comptroller
Palm Beach County

March 2, 2011

The Honorable Jeff Atwater, Chief Financial Officer
Florida Department of Financial Services
200 East Gaines Street
Tallahassee, Florida 32399-0354

Dear CFO Atwater:

We have reviewed your Performance and Compliance Review, Report No. 2010-23, on the Office of the Clerk of the Circuit Court - Palm Beach County dated February 25, 2011.

We concur with the observations and recommendation to adhere to all performance measure reporting requirements prescribed by the Florida Clerk of Courts Corporation (CCOC) per Section 28.35 (2), Florida Statutes.

We have made our best effort to consistently comply with CCOC timeliness requirements, however a slow and unstable court computer system has made that impossible. This has caused the loss of countless hours of productivity. In addition, legislatively mandated budget cuts have resulted in the loss of 81(13%) court related positions since FY 2008-09, and continuing budget deficits prevent us from adding more resources.

To remedy these issues, we are in the process of installing a new case management system, scheduled to go live in 2011, that will better enable us to meet CCOC timeliness requirements.

301 North Olive Avenue, 9th Floor
West Palm Beach, Florida 33401

P.O. Box 229
West Palm Beach, Florida 33402

Telephone 561-355-2996
Facsimile 561-355-6727

www.mypalmbeachclerk.com

Page 2

In closing, we commend the professionalism of the review team and look forward to working with your office in the future.

Sincerely,

A handwritten signature in black ink that reads "Sharon R. Bock". The signature is written in a cursive, flowing style.

Sharon R. Bock, Esq.
Clerk & Comptroller

cc:

Shannon Ramsey-Chessman, Chief Operating Officer Finance
Un Cha Kim, Chief Operations Officer
James Douglas, Chief Administration Officer
Roger Trca, Inspector General and Audit Director